


*Commonwealth Savings & Loan Corporation*  
*Sixth Annual Report. Year ended Dec.31, 1965*

AR46

File





## *Directors of the company:*

- \*Michael Greenberg*
- \*Robert W. Macaulay, Q.C.*
- \*George S. Mann*  
*Robert B. Moran*
- \*Bernard J. Persiko*  
*Eric D. Scott*  
*C. Stafford Smythe*
- \*Mark M. Tanz*
- \*Leon E. Weinstein*
- \*Burton Winberg*

*\*Members of the Executive Committee*

## *Officers of the company:*

*Mark M. Tanz, President*  
*Robert W. Macaulay, Q.C., Executive Vice-President*  
*George S. Mann, Vice-President*  
*John W. M. Campbell, General Manager*  
*Stanley A. Senn, C.A., Comptroller*  
*Allan C. Rose, Secretary*




**"People Bank On Us"**


# **SHAREHOLDERS REPORT**

FOR SIX MONTHS ENDING  
JUNE 30, 1965

**AR46**



**COMMONWEALTH**  
Savings & Loan Corporation



**COMMONWEALTH**  
Savings & Loan Corporation

Operating under the Loan & Trust Corporation Act of the Province of Ontario  
Branches in Toronto, Ottawa, Cornwall, Kingston & Windsor

DEAR SHAREHOLDER:

I am pleased to present for your consideration the highlights of your Company's operations for the first six months of 1965. Operating profit for this period was \$94,200., as compared to \$55,067. for the same period in 1964.

The Company's number of depositors increased from 18,770, to over 28,000 in this time, amply illustrating the excellent service your Company is providing in its branches. Total deposits have increased from \$13,378,087. to over \$21,500,000.

You will also note that our investment in mortgages has increased from \$8,500,000. to \$13,500,000. The Company is continuing its policy of investing primarily in residential mortgages in major metropolitan centres, where a healthy and vigorous real estate market is assured.

At June 30th, our investment in mortgages represented less than 55% of the Company's total assets. In excess of \$10,000,000. has been invested in liquid assets consisting of cash, bonds, demand loans, and readily marketable securities.

Upon reviewing the highlights of this interim report, one can readily see the tremendous progress that your Company has made to date, and the solid base from which we will expand profitably in the future.

*Mark M. Tanz*

MARK M. TANZ, President

HIGHLIGHTS  
FOR THE FIRST SIX MONTHS

DEC. 31, 1964	JUNE 30, 1965	INCREASE
Deposits		
\$9,859,714	\$17,633,730	79%
Debentures		
3,518,373	4,029,163	15%
Mortgages		
8,634,671	13,217,473	53%
Government Bonds		
2,493,400	4,151,354	66%
No. of Depositors		
18,770	28,128	50%
Total Assets		
15,218,088	24,548,425	61%

BRANCH OFFICES OF THE COMPANY

TORONTO	OTTAWA
558 Bloor Street West	251 Laurier Avenue West
Tel. 534-9211	Tel. 236-2316
1064 Eglinton Avenue West	150 Sparks Street
Tel. 798-2933	Tel. 236-7121
2913 Lake Shore Blvd. W.	KINGSTON
Tel. 259-2351	94 Princess Street
1497 Yonge Street	Tel. 542-2837
Tel. 926-1196	CORNWALL
WINDSOR	6 Second Street East
600 Ouellette Avenue	Tel. 933-1433
Tel. 252-7268	

HEAD OFFICE—TORONTO 170 The Donway West  
Tel. 447-8581



# *To the shareholders*

*I am pleased to present for your consideration the Annual Report of Commonwealth Savings and Loan Corporation for the year ending December 31st, 1965.*

*The latter part of this past year was a trying time for trust and loan companies, due to uncertainties which developed as a result of the failure of the Atlantic Acceptance Corporation and the subsequent problems encountered by British Mortgage and Trust Company. Fortunately, the Public's confidence in the stability of well-managed companies was maintained as evidenced by the sustained growth in our deposits and Customer accounts.*

*The net profit from operations for 1965 amounted to \$136,275 or 41¢ per share, based on the average number of shares outstanding during the year, as compared to \$130,560 or 53¢ per share during 1964. This profit is after charging \$20,000 (6¢ per share) to operating costs as a reserve against the potential loss due to securities held in Atlantic Acceptance Corporation.*

*During 1965, your Company continued to enjoy a substantial increase in total deposits, which rose from \$13,378,000 to \$20,524,000. Customer accounts rose from 18,770 to over 30,000. It is very gratifying that deposits resulting from Savings and Chequing accounts increased from \$8,487,000 to \$14,500,000 during this period, an increase of over 71%.*

*Other investments enjoyed similar growth; and you will note that our mortgage portfolio has risen from \$8,635,000 to \$15,225,000. The Company is continuing its policy of investing primarily in residential mortgages in major metropolitan centres, and payments remain excellent. Government, Provincial, and Municipal bonds, plus marketable securities, increased from \$4,303,000 to over \$6,828,000 in the past year.*

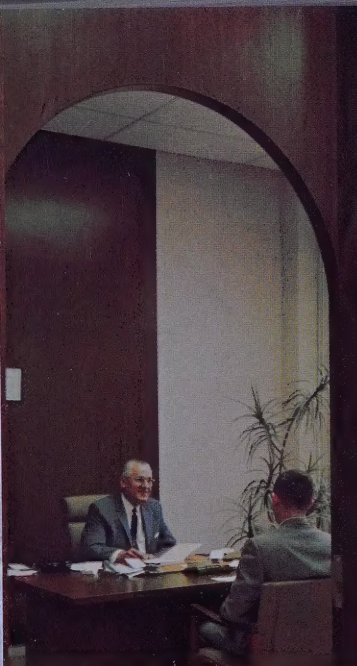
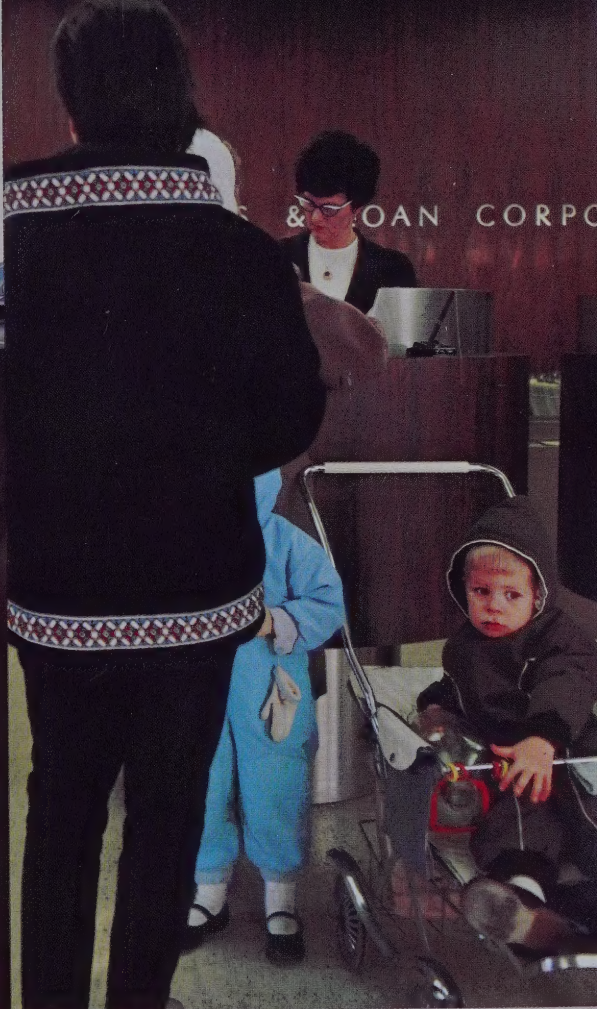
*In April of 1965, the Company successfully completed a "rights" issue to shareholders. During the year 1965 the Company's capital, reserves, and undivided profits, increased from \$1,787,000 to \$2,568,000.*



COMMONWEALTH







SAVINGS & LOAN CORPORATION



*With the recent opening in January of our tenth branch at Queen Street West and Landsdowne Avenue, your Company has now completed its new branch program for 1966. New branch development costs should not exceed \$75,000 this year. In 1965, your Company expended a total of \$289,000 in non-recurring costs for new branch locations, as compared to \$311,000 during 1964.*

*One readily appreciates that a company based on a branch system with tens of thousands of small depositors has been costly to establish. But I cannot emphasize too strongly that the advantages of such a system far outweigh the initial administrative problems and non-recurring development costs.*

*We now find ourselves in the enviable position of having our deposits derived from a multitude of small savers, assuring us of continuous growth in the years to come. In addition, the greatest percentage of our deposits is by way of saving and chequing accounts rather than by debentures, and, consequently, the cost of our funds for investment is far less than that of most other trust or loan companies.*

*With total assets at this time in excess of 24 millions of dollars, and with no further branches being opened this year, we look forward to 1966 as a year of steady growth and far greater profits.*



*Mark M. Tanz, President*



## 1965 Highlights

	1965	1964	1963
Cash and Securities.....	\$ 6,936,063	\$ 5,101,409	\$ 817,951
Mortgages and Loans.....	15,774,487	9,165,228	4,534,919
Shareholders' Equity.....	2,568,512	1,786,922	1,571,812
Savings and Chequing Deposits.....	14,499,728	8,487,330	1,955,147
Term Deposits.....	2,275,148	1,372,384	398,516
Debentures.....	3,749,291	3,518,373	1,716,642
Number of Depositors.....	30,391	18,770	1,993
Net profit from operations.....	136,275	130,560	77,853
Earnings per share.....	*.41	*.53	*.51
Total Assets.....	\$24,225,937	\$15,218,088	\$5,708,252

\*Based on the average number of shares outstanding during the year.

# *Auditors' Report* To the Shareholders of Commonwealth Savings & Loan Corporation

We have examined the balance sheet of Commonwealth Savings & Loan Corporation as at December 31, 1965. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the balance sheet presents fairly the financial position of the Company as at December 31, 1965.

Toronto, Canada  
February 18, 1966.

Pape, Strom, Sherman & Lavine } Chartered  
Thorne, Mulholland, Howson & McPherson } Accountants

## *Balance sheet December 31, 1965*

### *Assets*

	1965	1964
Cash on hand and on deposit. ....	\$ 107,924	\$ 798,716
Securities, at cost plus accrued income. ....	(Approximate market December 31, 1965)	
Government of Canada and Provincial bonds..	(\$2,283,721) \$ 2,403,805	\$ 1,255,697
Canadian Municipal bonds. ....	( 961,955) 1,020,060	1,237,703
Canadian Corporate bonds. ....	( 204,867) 225,680	287,575
Short term notes. ....	( 404,670) 404,670	1,254,154
Stocks. ....	( 2,528,406) 2,773,924	267,564
	<u>\$ 6,828,139</u>	<u>\$ 4,302,693</u>
Loans secured by bonds and stocks. ....	\$ 549,329	\$ 530,557
Mortgages, less allowances. ....	15,225,158	8,634,671
Real estate held for sale and investment. ....	315,247	348,596
Office premises and equipment, at cost less accumulated depreciation. ....	1,091,459	488,662
Accounts receivable. ....	108,681	114,193
	<u>\$24,225,937</u>	<u>\$15,218,088</u>

*The accompanying notes are an integral part of this statement.*



## *Liabilities*

	1965	1964
Savings and chequing deposits.....	\$14,499,728	\$ 8,487,330
Term deposits.....	2,275,148	1,372,384
Debentures.....	3,749,291	3,518,373
	<u>\$20,524,167</u>	<u>\$13,378,087</u>
Bankers' advances (secured).....	809,000	—
Mortgages on branch premises.....	304,000	—
Sundry accounts payable.....	20,258	36,289
Dividend payable.....	—	16,790
	<u>\$21,657,425</u>	<u>\$13,431,166</u>

## *Shareholders' Equity*

### Capital stock (Notes 1 and 2)

Authorized—400,000 Common shares par value \$5 each.

Issued and fully paid—389,108 shares

(1964—272,548 fully paid—53,936 40% paid) \$ 1,945,540 \$ 1,470,612

Reserve fund..... 122,000 122,000

Undivided profits..... 500,972 194,310

\$ 2,568,512 \$ 1,786,922

\$24,225,937 \$15,218,088

On behalf of the Board:

MARK M. TANZ, *President*

GEORGE S. MANN, *Vice-President*

# Statement of revenue, expenses and undivided profits

for year ended December 31, 1965 (with comparative figures for 1964)

	1965	1964
Revenue:		
Income from mortgage loans.....	\$1,001,447	\$526,090
Income from bonds and stocks.....	325,828	107,715
Other operating revenue.....	72,735	81,329
	<u>\$1,400,010</u>	<u>\$715,134</u>
Expenses:		
Interest on deposits and debentures.....	\$ 781,360	\$284,742
Salaries and staff benefits.....	237,018	136,140
Other operating expenses.....	215,702	153,621
Depreciation and amortization.....	29,655	15,571
	<u>\$1,263,735</u>	<u>\$590,074</u>
Profit from operations before income taxes.....	\$ 136,275	\$125,060
Income taxes recoverable.....	—	5,500
Net profit from operations (Note 3).....	\$ 136,275	\$130,560
New branch development expenses.....	289,000	311,000
Net loss carried forward.....	(\$152,725)	(\$180,440)
Undivided profits at beginning of year.....	194,310	232,707
Premium received during year on the sale of capital stock.....	546,541	204,568
	<u>\$ 588,126</u>	<u>\$256,835</u>
Dividends.....	87,154	62,525
Undivided profits at end of year.....	<u>\$ 500,972</u>	<u>\$194,310</u>



# Notes to financial statements

for year ended December 31, 1965

## 1. EMPLOYEES' STOCK OPTIONS

During the year the company set aside an additional 10,000 shares to be used for the granting of employees' stock options at a price of \$12.75 per share. As at December 31, 1965, options on 9,360 of these shares were outstanding and options on a further 100 shares at \$12.25 per share were outstanding under a previous plan. These options expire on various dates up to October 15, 1970. During the year options outstanding prior to December 31, 1964 were exercised on 3,400 shares for a cash consideration of \$34,658.

## 2. CAPITAL STOCK

During the year the company received cash payments of \$1,021,469 in respect to shares issued as follows:

	Shares issued	Cash received	Capital stock	Allocated to Premium on sale of capital stock
Stock subscription warrants.....	59,224	\$ 699,601	\$296,120	\$403,481
53,936 shares partly paid at beginning of year now fully paid.....	—	287,210	161,808	125,402
Employees' stock options.....	3,400	34,658	17,000	17,658
	<u>62,624</u>	<u>\$1,021,469</u>	<u>\$474,928</u>	<u>\$546,541</u>

## 3. INCOME TAXES

The company claims for income tax purposes new branch development expenses and, accordingly, no provision for income taxes has been made in the current year.

## 4. GUARANTEES

The company is contingently liable as guarantor for land rents of \$22,750 per annum, payable by the lessor of one of its branch offices to a third party.

## 5. LONG TERM LEASES

The company has entered into leasing agreements for the rental of certain branch premises. These leases which expire on various dates up to 1990 require aggregate rentals of approximately \$912,500. Rentals payable during 1966 under these leases aggregate approximately \$52,000.

# General Manager's report

*During 1965 we opened three more branches in the Metropolitan Toronto area which, together with our newest branch at Queen & Lansdowne in Toronto, expands our branch representation to ten, giving us good coverage in many important Ontario centres.*

*The combined progress of our branches has contributed to the sizable increase in the Company's assets. It is worthy of note that our deposits in all forms, but particularly in Savings & Chequing accounts, have steadily increased month by month without exception, since the incorporation of the Company. We feel we can point to this progress with justifiable pride.*

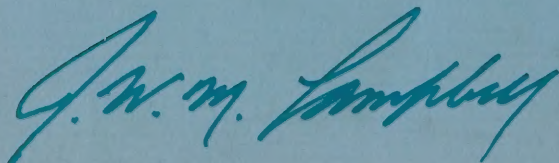
*Because of this expansion, major efforts this past year have been directed towards improving routine procedures, with particular attention being paid to the control of operating costs. We can report real progress in this area, and we are continuing this program, confident that the results will mean improved service to our many clients and, at the same time, reducing our operating costs and thus contributing to the profits of the Company.*

*In a financial institution such as Commonwealth, the employees who represent the Company in dealings with the Public are of the utmost importance. Our personnel has increased substantially over the past three years and we are remarkably fortunate in having a hard-working, loyal and conscientious staff.*

*We expect the very highest in competence, friendly service and integrity on the part of our employees. In return, we support them with a reasonable remuneration, life and medical insurance benefits, an attractive pension plan, and have just recently instituted an incentive plan which permits them to buy Company shares on a payroll deduction basis.*

*We know that our staff takes a real interest in the Company and its clients and, as a result, benefit not only themselves but the shareholders as well.*

*Our operation is aimed at maintaining a satisfactory rate of growth, providing friendly, efficient service to our esteemed customers, and, concurrently, producing a satisfactory profit along sound, solid business lines.*

A large, stylized handwritten signature in dark ink, reading "J. W. M. Campbell". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

J. W. M. Campbell—General Manager



# COMMONWEALTH SAVINGS & LOAN CORPORATION



